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Foreign Labor Trends

Costa Rica

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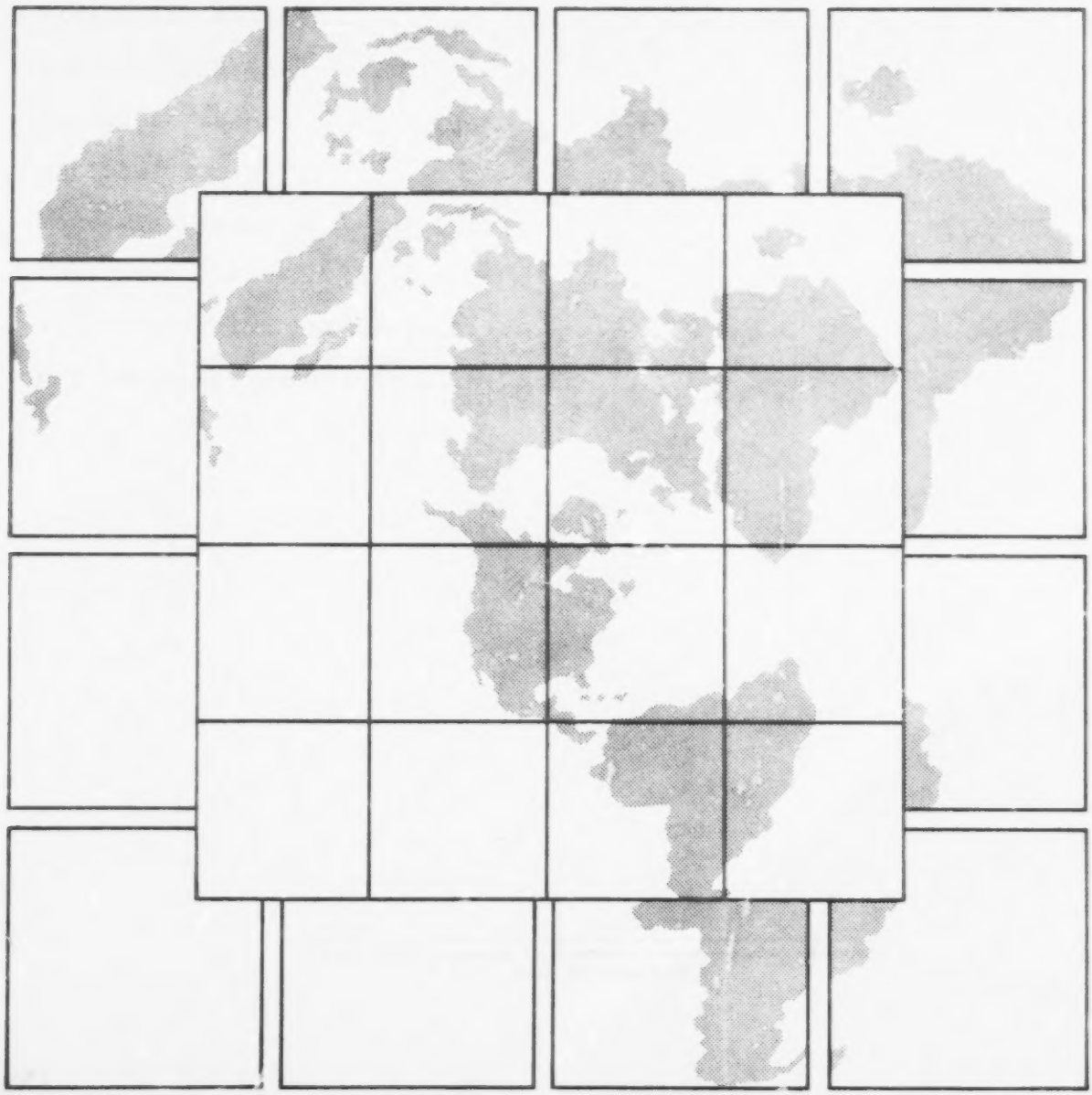

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LABOR TRENDS IN COSTA RICA

SEPTEMBER 1986 - NOVEMBER 1987

KEY LABOR INDICATORS

	1985	1986	1987	%Change
1. Per cap.GDP, current $	1,484	1,605	1,581	-4.6
2. ---,(1977=100)	92	94	94	0
3. Pop.,total (000)	2,569	2,638	2,709	2.69
4. --,maj. ethnic grps.(a)				
- Blacks			30,000	
- Indians	N/A	N/A	25,000	N/A
5. Pop. growth rate	2.7	2.7	2.69	-.37
6. ----,urban areas	N/A	N/A	N/A	
7. Birth rate	32/1000	N/A	N/A	
8. In-migration by nationality(b):				
Guatemalans	200	176		
Other	100	502		
9. Out-migration by destination				

Refugees resettled to third countries	1/87-4/88
Canada	507
United States	279
Australia	258
Nicaragua	285
El Salvador	106

Costa Rican immigrants to the U.S.

	1985	1986	1987	%Change
USG statistics	2,339	1,646	1,446	-12.2
10. Life expectancy at birth				
---average	74	N/A	N/A	N/A
---male	72			
---female	76			
11. Adult Literacy Rate	92.6	N/A	N/A	N/A
12. Adults in on-the-job training	N/A	N/A	10,000	N/A
13. Adults in other job-related study	N/A	N/A	40,000	N/A
14. Labor force	837,400	913,835	965,301	5.6

	1985	1986	1987	%Change
15. Employment (b)	794,426	N/A	857,749	4.
--Percent in agr.	31.39			
----industry	29.62			
----services	27.29			
16. Unemployment rate	6.8	6.1	5.5	-9.8
17. Underemployment rate	N/A	8.1	9.1	
18. Labor productivity	N/A	N/A	N/A	N/A
19. Work-related accidents and illnesses	83,985	97,976	N/A	16.7
20. Percent time lost, industrial disputes	N/A	N/A	N/A	N/A
21. Minimum daily(c) wage rates (colones)				
Minimum daily wage	204.25	253.51	290.85	14.7
Coffee picker per box	28.90	38.00	40.00	5.3
Bahama worker	236.10	271.65	308.80	13.7
Mining laborer	232.80	279.35	317.55	13.7
Textile worker	231.33	277.82	312.75	12.9
Seamstress	235.15	281.72	328.90	16.7
Cement worker	245.95	289.99	326.50	12.6
Construction worker	289.78	330.53	366.83	11.0
Electrical worker	250.68	294.62	331.53	12.5
Sales clerk(d)	204.25	7,096.60	8,726.00	22.9
Cook(d)	232.75	7,910.46	8,992.95	13.7
Bus driver(e)	226.70	273.08	310.45	13.7
Telephone operator-asst.	227.75	348.65	379.85	8.9
Nurse (per mo)	10,299.00	11,188.10	12,602.50	12.6
Domestic (w/food-per mo)	2,957.20	3,540.68	4,069.35	14.7
Computer analyst(f)	N/A	2,022.50	2,203.45	8.9
Doctor, Lawyer, etc.(f)	2,627.25	2,225.28	2,562.50	15.2
Secretary, Profess.(f)	1,847.00	2,022.00	2,203.45	8.9
Secretary, Clerical	238.25	285.00	356.85	25.2

22. Average monthly earnings by industry (nominal/real, 1975 colones)

	1985	1986	%Change
Agriculture	5,294/803	6,033/808	8.6
Industry	8,673/1,315	9,586/1,283	-2.4
Construction	7,698/1,163	9,259/1,239	6.1
Basic Services	99,844/1,454	11,955/1,599	7.8
Commerce	9,152/1,431	10,815/1,447	7.4
Services	9,434/1,431	10,815/1,447	1.1

23. Average monthly earnings by major occupation (nominal/real, 1975 colones)

	1985	1986	%Change
Profess./technicians	15,607/2,367	17,643/2,360	-0.3
Administrators/managers	20,974/3,181	20,264/2,711	-14.8
Clerical and sales	9,489/1,439	11,056/1,479	2.8
Skilled worker/artisans	6,260/941	7,288/974	2.6
Services	6,018/911	7,137/955	4.6

24. Value of supplementary benefits as percentage of manufacturing earnings

	1985	1986	1987
-Employer basic contrib.	N/A	N/A	25.75
-W/vacations and holidays			40.33
-Employee contribution			9.00

25. Average hours worked per week
    Professionals 40.
    Laborers 47.
    (30.9 pct. population works less than 47 hrs/week)

26. Unionization of labor 16.2 pct.

27. Avge. personal income current colones	8,176	9,452	N/A	15.6
28. ---,disposable	N/A	N/A	N/A	N/A
29. Absolute poverty level (Col/mo)	N/A	2,500	3,000	20
(35 pct. population below this income)				
30. Rate of change in consumer prices during preceding year	17.3	10.9	15.4	16.4
31. Trade with U.S. ($ mil)				
-Exports (FOG)	353.6	435.2	N/A	23.4
-Imports (CIF)	377.9	408.2	N/A	8.0

N.B.: Unless otherwise specified, all data comes from the Costa Rican Government and represents latest data available.

(a) State 1987 Human Rights report.
(b) 1984 Census; 1987 figure from news article quoting MIDEPLAN.
(c) Unless otherwise noted
(d) 1985 - per day; 1986-87 - per month.
(e) Greater of 28 percent of tape, or per day.
(f) Hora Mensual - daily wage times 8 equals monthly wage

SUMMARY

Although sporadic labor protests and strikes of short duration took place during this period, there were few serious labor problems here between September 1986 and November 1987. The Government has enjoyed reasonable economic success during this period, keeping inflation to an estimated 14 percent in 1987 while presiding over an estimated gross domestic product (GDP) growth of 4 percent. The growth was induced largely by a significant credit expansion in 1987 (which the Government plans to correct) combined with lower imported oil costs and continued expansion of non-traditional exports. Average real wages during 1986 (the latest figures available) grew by 3.8 percent, although labor leaders claim that most workers have seen no increase in purchasing power.

Costa Rican workers continue to be largely unorganized. Union membership is highest among public employees and agricultural workers. The country's outdated Labor Code (now being revised) is viewed as a major impediment to further labor organizing. Democratic labor remains divided and limited in influence, although the 26,000-member teachers' union, ANDE, continues to wield significant power. Communist labor is also divided and has suffered a number of recent setbacks, particularly among agricultural workers. Nevertheless, the Communists control the important public service workers union, ANEP, and have influence in other independent public sector unions. The fastest-growing organization of workers is the employer-encouraged "Solidarismo" (Solidarity) movement, which combines a theory of labor/management harmony with a program of practical benefits, and which has made impressive recent membership gains in the industrial and agricultural sectors. Despite its popularity, questions exist about Solidarismo's staying power, particularly among banana workers where its success in supplanting Communist unions over the past four years has been remarkable.

Most incidents of labor unrest were among dock and transportation workers, whose role in moving Costa Rica's perishable export commodities to market gives them control of a vital economic chokepoint. During this period, strikes by transportation and dockworkers caused an estimated $8 million in losses. Small-farmer groups continued to use aggressive protest tactics; in one case public security forces resorted to the use of tear gas to restrain them -- a rare practice in Costa Rica. Meanwhile, Costa Rica's largest labor group, the 26,000-strong National Teachers' Association, appears to be

hardening its rhetoric as it awaits a new, higher pay scale due to take effect in 1989. ANDE organized the largest single labor protest of 1987, aimed at preventing proposed cuts in the national education budget.

Finally, U.S. firms experienced few problems with Costa Rican private sector workers. The one exception was in the Standard Fruit Company's Atlantic Coast banana fields. Standard's Communist unions accused it of using illegal tactics to replace them with Solidarista Associations. The Costa Rican Ministry of Labor investigated the charges, found insufficient evidence of wrongdoing on the company's part, and dismissed the charges. By August 1987, Solidarista Associations had replaced the union as the representative of 80 percent of the Standard Fruit work force. The Communist unions have not accepted the legitimacy of their ouster, and may yet attempt to regain influence in the banana fields -- an area they controlled exclusively for almost 50 years.

ECONOMIC SITUATION

-- Inflation and growth:

Throughout the three-year period 1984-86 the annual inflation rate has been in the 10-20 percent range. Although the Central Bank has indicated that the rate for 1987 will be 14 percent (as compared to 15.4 in 1986), this figure may cree up due to price increases for petroleum products and utilities announced in September.

The rate of growth in GDP for 1986 was 4.2 percent, a significant increase over 1.0 percent in 1985. President Arias recently announced that real economic growth in 1987 will reach an estimated 4 percent. This growth was primarily induced by a significant credit expansion in the first half of the year (which the government is now trying to correct) as well as the following favorable conditions:

a) The continuation of relatively low prices for imported petroleum (despite previously mentioned price increases);

b) An excellent 1986-87 coffee harvest (coupled with a high volume of exports before coffee quotas were reimposed in late 1987), and positive projections for all agricultural products except beef and rice;

c) Improved prospects for the construction and housing sectors;

d) Continued successful growth in non-traditional exports outside the Central American region (primarily to the U.S., Canada and Europe), including textiles and apparel, ornamental plants and cut flowers, and electronic components, as well as increased private investment in these export-oriented products;

e) Continuation of mini-devaluations which maintain competitive export prices for Costa Rican goods.

-- The expansion of real income:

In 1986 Costa Rica's economic growth outstripped its population increase, providing higher real incomes. The Government measures real wages via household surveys. According to these surveys, real wages grew by 13.2 percent in 1984, and by 5.4 percent as of July 1985. Detailed data from such surveys are not currently available. However, Embassy wage estimates based on payroll data from the Costa Rican Social Security Administration indicate that average real wages sustained an 8.4 percent increase in 1985 and a 3.8 percent increase in 1986. Real average wage gains in the public sector were about twice as large as in the private sector (5.2 percent compared to 2.7 percent) despite announced Government plans to control public sector spending.

-- Wage policy and real wage trends:

The Government wage policy remains one of controlling inflationary pressures while minimizing the effects of price increases on low-income groups. An important related goal has been to restore real income to levels at least equal to those prior to 1980 when an economic crisis severely cut purchasing power. By 1984, again using Costa Rican Social Security Administration information, real wages in the public sector amounted to 102 percent of 1977 levels and 116 percent of 1977 levels in the private sector. Despite these apparent gains in real wages, labor leaders regularly complain that their rank and file have not seen any significant increase in take-home pay over recent years. This perception may be accounted for by several factors, of which two stand out: 1) increased taxes may have absorbed some of the gains in real income; and 2) rapidly rising expectations from the remarkable economic recovery begun in 1983 may now exceed the economy's recently more modest advances. Labor leaders also complain that price increases outstrip salary gains. During this period (September 1986 - November 1987) there have been several price increases in basic commodities and services (e.g., bus fares, electricity, and the basic "shopping basket" of food commodities). While there have been occasional small protests

against such increases, organized labor seems to be resigned to living with them and generally reserves its pressure tactics for other issues.

-- Minimum wages:

The Government plays a major role in private sector as well as public sector wage negotiations which normally take place once per year. However, due to price increases over the last few years, it has begun twice yearly wage negotiations with both its public sector unions and private sector representatives. In the private sector, minimum wage increases are set for several hundred categories of labor by the National Salary Council, a body composed of three Government representatives as well as three representatives each from organized labor and management. In 1987, the Council simplified the minimum salary scale, reducing the number of categories from 459 to 286. This change is designed to minimize distortions in the labor market by reducing salary differences among occupations. Minimum monthly private sector salaries for Costa Rican workers vary by sector and range from a low of 6,400 colones (c. $91) to a high of 21,000 colones (c.$300). The unweighted average of these extremes yields approximately 13,700 colones ($204) per month. Teachers continue to be among the most poorly paid professional public sector workers, currently averaging 17,000 colones per month ($243). However, an August 1986 agreement between the Government and the 26,000-strong National Teachers Association provides that the Government will negotiate a higher, professional-level pay scale for the nation's teachers to take effect in 1989.

-- Unemployment:

As of January 1987, the Government calculated the Costa Rican total work force to be 913,835 with 857,749 economically active. President Arias entered office in May 1986 promising to create 25,000 jobs per year. According to the most recent Government estimates, unemployment fell from 6.6 percent in 1985 to 6.1 percent in 1986, and to 5.5 percent as of July 1987. Regionally, both the west coast province of Puntarenas and the east coast province of Limon currently register the highest unemployment rates -- 8 percent and 7.2 percent respectively. Puntarenas has not yet recovered from a disastrous 1984 strike against United Brands which caused the company to close its extensive banana estates in the province leaving several thousand people without jobs. The greater San Jose area (Meseta Central) registers the lowest regional unemployment rate -- 5.4 percent. The central plateau where

the capital is located, with its moderate climate, adequate infrastructure, and availability of educated workers, remains the chief area of employment generation in the country. In addition to the official unemployment rate noted above, the government also calculates a visible underemployment rate (those working less than 47 hours per week) and an invisible underemployment rate (officially defined as those earning less than minimum wage). The total of these two categories is estimated to be 9.1 percent. The majority of workers in the latter two categories are found in rural areas where employment is frequently seasonal in nature. Not reflected in the official statistics are those who have never entered the work force but are of working age, and those who have given up searching for work. The Government has committed itself to streamlining its public sector work force to improve efficiency and reduce government expenditures. In September 1987, the Minister of Finance announced that from December 1985 to March 1987 total public sector employment had diminished by 589.

-- Occupational profile:

The most recent occupational profile of Costa Rica comes from its 1984 census which yields the following breakdown of sectoral activity: 9.9 percent of the economically active population is found in professional and technical occupations; 3 percent in managerial positions; 7.4 percent in white collar positions; 8.6 percent in sales; 30.1 percent in agricultural occupations; 3 percent in transportation; 17.2 percent in blue collar positions; 2.3 percent in shipping and warehousing; 11.8 percent in services; and 6.8 percent are unclassified. Women make up 22.1 percent of the economically active population. More women work in urban areas than in rural areas. While 31.9 percent of the urban work force is made up of women, only 13.6 percent of people economically active in rural areas are women. This should not be taken to suggest that rural women do not work; only that they are not found directly in the market economy.

ORGANIZED LABOR

-- Overview:

Organized labor continues to represent a relatively small percentage of Costa Rican workers; the most recent Government statistics on union membership show that only 16.2 percent of the work force is unionized. Ministry of Labor statistics indicate that there are 325 unions in Costa Rica -- of which 128 are independent of confederations -- representing a total of 138,583 workers. Membership in unions is highest among

employees in government and autonomous institutions, such as the Central Bank and the National Electric Company (ICE). This white-collar sector has traditionally been easiest to organize because the Civil Service Code protects union organizers from dismissal, whereas the nation's basic labor statutes, which cover most private workers, do not. The largest concentration of organized workers in the private sector is found in the large banana plantations on the Atlantic coast. The non-banana producing private sector, however, remains minimally organized. A growing competitor to traditional unions is the Solidarismo movement which claims membership roughly equivalent to that of traditional unions (i.e., approximately 140,000 members). Solidarismo combines a theory of labor/management harmony with a program of practical benefits, such as a worker-administered fund. Its major source of capital is drawn from the statutory, employer-financed "cesantia" (job termination) fund and from matching worker contributions. The Solidarismo fund is a source of low-interest loans for workers. Solidarismo, dating from the late 1940's, has experienced its greatest growth in the last five years and has made impressive gains in the industrial and banana sectors. Costa Rica's third form of organization involving workers is the largely rural cooperative movement. The most recent government figures indicate that 278,000 workers belong to 552 cooperatives of all kinds (e.g., credit unions, housing co-ops, as well as producer cooperatives). Members of cooperatives occasionally are called to serve as "worker representatives" on Government-sponsored boards). Members of unions, Solidarismo associations, and cooperatives account for about 52.3 percent of the Costa Rican labor force.

Costa Rican observers of the labor scene offer several reasons for the relative weakness of the trade union movement:

--Constraints imposed on organized labor by the country's labor code (see above).
--The fact that some basic worker benefits are provided by law and government administration rather than through collective bargaining, e.g., cost-of-living increments on government-fixed wages, social security benefits, and medical care.
--A Costa Rican cultural emphasis on conflict resolution by informal consensus building rather than confrontational negotiation.
--The defeat in the 1948 Civil War of the political coalition which included the labor-based Communist Party.
--Debilitating factionalism in the trade union movement.

--Frequent departure of able labor leaders to take positions in the government.
--Employer promotion of alternate types of organizations such as Solidarismo associations.

While trade unions have legally-sanctioned collective bargaining rights, Solidarismo associations and cooperatives do not.

DEMOCRATIC LABOR

Democratic labor continues to be divided into four confederations. Membership information in these confederations based on the latest official information, is provided below:

Name	International Affiliation	Membership
Authentic Confederation of Democratic Workers (CATD)	---	20,155
National Confederation of Workers (CNT)	Seeking ICFTU Affiliation	18,278

Name	International Affiliation	Membership
Costa Rican Federation of Democratic Workers (CCTD)	ICFTU Affiliate	16,419
Costa Rican Workers Central (CTC)	World Confederation of Labor	8,470

The largest democratic labor organization is the National Teachers Association (ANDE). Though technically not a union, ANDE represents 26,000 teachers in wage negotiations with the Government and thus, in practical terms, may be considered a union. ANDE along with two other teachers' unions, the Costa Rican Educators' Union (SEC) with 12,749 members, and the

Association of Secondary School Teachers (APSE) with approximately 8,000 members, represent the majority of Costa Rican teachers.

Notwithstanding some expansion by the AIFLD-supported CNT among some municipal workers, taxi operators, and African palm workers bringing the CNT an estimated 1,500 new members over the past two years, democratic labor unions have not been able to expand their influence on a large scale. Limited by a lack of funding and the lack of legal protection for labor organizers in the private sector described above, democratic unions remain concentrated in the railroads, banks, textile industries, and among teachers, with minimal representation in Costa Rica's important banana sector.

As in the past, ANDE has been the most powerful force in the democratic labor movement. In August 1987, after several years of separation from other teachers' groups, ANDE agreed to the formation of a loose federation of educators' unions, named the Inter-Magisterial Council. Composed of ANDE, SEC, APSE, and several smaller teachers' unions, the Inter-Magisterial Council, in its first labor action, turned out several thousand students and teachers on November 5 to pressure the Government to restore proposed cuts in the national education budget (San Jose 12638). This labor protest, the largest in 1987, along with ANDE's October 1987 election of a new national directorate whose chief executive has promised greater "belligerence" in pursuing teachers' interests, appear to signal a greater aggressiveness on ANDE's part. The impact of this announced new attitude will become clearer as the Government prepares a new teacher salary scale meant to put teachers' salaries on a par with other Civil Service professionals. Such a salary scale, due to take effect in 1989, has long been one of ANDE's chief goals. Its recent actions were apparently intended by ANDE leaders as signals that they would not tolerate delays.

COMMUNIST LABOR

Like democratic labor, Communist labor is also divided. Paralleling the 1983 split in the Communist Popular Vanguard Party (PVP) and the resulting creation of the Costa Rican People's Party (PPC), there occurred a 1984 division in the PVP-affiliated United Confederation of Workers (CUT) and the establishment of the Confederation of Costa Rican Workers (CTCR) aligned with the PPC. Although each confederation claims to represent about half of the 35,000 workers once exclusively affiliated with CUT, the most recent official figures indicate that the CUT, with 26,310 members far outweighs the CTCR with 7,715. However, these membership

figures may not fully reflect losses in dues-paying members subsequent to the failed Communist-led banana workers strike against United Brands in 1984. In the three years since that strike, Communist unions have been eliminated as a significant force throughout the banana fields, and replaced by Solidarista associations. Most recently, in the summer of 1987, banana workers of the Standard Fruit Company chose to join the Solidarismo movement rather than negotiate a new collective bargaining agreement under the previously dominant Communist union. (For further details, see the section on Solidarismo below.) These continuing labor setbacks appear to have given stimulus to reunification interest in the two rival Communist parties and their union affiliates. However, no evident movement in this direction has taken place, and there appears little likelihood that the CUT and CTCR will unite in the near future.

Despite recent Communist labor setbacks in the banana fields and the loss of prestige following the poor showing by Communist parties in the 1986 national elections, Communists still wield inordinate influence in Costa Rica by virtue of their control of the 10,000-member Public Service Workers Union (ANEP). Beyond this, Communist unions have several allies among public sector unions not officially affiliated with them. The Communist unions can sometimes count on these independent unions to participate in marches or sympathy strikes. The Communist unions' weak response to loss of control of the banana fields (a sector that had been in their hands for some 50 years) does not mean they have written off hopes to regain influence there. The Solidarista victories among banana workers are recent, and the workers' long-term attitudes toward solidarismo remain untested. In short, it is far from certain that the Communist unions, which still have activists present in the fields, are out for good.

SOLIDARISMO

The fastest growing force on the labor scene in recent years has been the Solidarismo movement, which offers workers the choice of exchanging their right of collective bargaining for a number of other benefits, including low-interest loans, and cut-rate cafeterias and commissaries. The association fund, which is the source of the loans, is financed mainly from the statutory workers pension account whose capital comes from matching worker/management payments. Solidarismo anticipates a limited workers advisory role in the management of the employing firm and encourages investment of the worker-managed association funds to acquire stock in the firm. The movement claims to represent over 140,000 workers in some 900

Solidarista Associations, and recent gains may put its membership well over this figure. Solidarismo has had particular success in the private sector where both labor code deficiencies and management suspicions about unions have hampered the effectiveness of traditional unions. In recent years the Solidarista movement has made impressive gains in the once Communist-dominated banana sector, where it now controls (by the estimate of National Chamber of Banana Producers) over 80 percent of regular salaried workers. Solidarismo is divided into two factions, one called the Solidarista Union (SURSUM), representing roughly two-thirds of Solidarismo-affiliated workers (mainly in manufacturing and service industries), and the other based out of the Pope John XXIII School, and led by Catholic Priest Claudio Solano. The majority of workers affiliated with this rural-oriented faction are found in the banana sector.

Despite its recent success and its enthusiastic backing by management, Solidarismo is widely criticized by both communist and democratic labor leaders as a force that sells out workers to management and does not represent their true interests. Notwithstanding these criticisms, workers within the Solidarismo movement appear generally satisfied with it, and the movement shows no signs of losing ground. Quite to the contrary, it has made steady progress in attracting new members, particularly in the banana sector. For example, Father Claudio Solano's Solidarismo movement outpolled two Communist unions by a three-to-one margin in a government-sponsored worker plebiscite at BANDECO's Atlantic coast banana operations. Also, during the summer of 1987, 80 percent of the banana workers in the Standard Fruit Company's two principal Atlantic coast estates chose to join Solidarista associations instead of authorizing their Communist unions to pursue a new collective bargaining agreement. In response, the Communist unions formally charged Standard Fruit with union-busting tactics such as intimidation and arbitrary firings. The Costa Rican Ministry of Labor investigated the charges and found insufficient evidence of wrongdoing on the part of Standard Fruit to pursue the matter. Nevertheless, the Communist unions do not accept the legality of the Solidarista associations in the Atlantic coast plantations.

Despite these clear Solidarista victories, and no signs of waning popularity, labor observers here question how long the Solidarista organizations will be able to hold on to their position, particularly in the banana fields where Communist unions still have organizers active in trying to regain worker support. Some labor specialists say that in order for Solidarismo to thrive, it must evolve beyond merely providing

its members cut-rate consumer loans and other goods, and direct greater attention to acquiring stock in the employing firms. Such acquisition would not only be a source of profits, but, more importantly, would also give workers a more direct stake in the continued health and productivity of their firm. The most dramatic successes of the Solidarismo movement are still relatively new and its staying power as a dominant labor force has yet to be tested. For the time being, however, Solidarismo appears to be taking the lead in challenging the Communists in areas where democratic unions, due to a number of factors (particularly lack of resources) have been unable to organize.

MAJOR INCIDENTS OF LABOR UNREST

In mid-1986, the four democratic union federations, their two Communist counterparts, and several smaller, independent unions formed the Permanent Council of Workers (CPT). The CPT is a loose umbrella organization created to encourage joint union action on issues of common interest. While the CPT's decisions do not bind members to act, its first concerted demonstration of labor unity was a marked success. On September 1, 1986, to protest Government-proposed changes in collective bargaining procedures in the public sector, the CPT staged a one-day strike. The proposed changes would have required review of collective bargaining agreements by the Costa Rican Budget Authority (the agency that reviews expenditures to ensure that they do not overcommit government revenues). Unions claimed that such an added step in the wage-negotiation process was illegal. The strike closed or drastically reduced services in the railroads, ports, banks, state insurance monopoly, electric company, and several municipalities. The impasse was overcome when the Government suspended its proposal (which has never been revived) and the unions re-entered talks on a variety of issues including the collective bargaining procedure.

Also in September 1986, small-farmer organizations bused approximately 2,000 of their members to San Jose to protest cuts in agricultural subsidies, high interest rates, and delays and high costs in transferring titles to poor farmers of publicly-controlled lands under agrarian reform measures. Apparently at the instigation of Communist agitators, the small farmers blocked downtown streets and refused police orders to disperse. Government public security officers responded with tear gas and were attacked in turn with clubs and rocks. While no serious injuries were reported, the incident stood out as a rare example of mass physical confrontation between Costa Rican citizens and law enforcement officers.

The last significant labor incident of 1986 was a 36-hour walkout of dockworkers November 3-4 at Costa Rica's principal port, Puerto Limon. The generally strike-prone dockworkers were protesting the failure of the Costa Rican Limon port authority to make certain incentive payments promised under a labor accord signed in 1985. As is usual with public sector strikes, particularly those of dockworkers, a magistrate declared the walkout illegal, but the dockworkers secured a promise from the Port Authority that no legal action would be taken against those who struck. The strike ended when representatives from the Costa Rican Budget Authority agreed to meet with strike leaders to discuss new terms for the pay incentives. Losses from this strike were estimated to be 1-2 million dollars.

Despite these incidents, the Costa Rican press labeled 1986 as a year of "labor peace" based on Ministry of Labor statistics. In 1985, the Ministry had recorded 157 instances of labor-management disputes that did not end in strikes, as well as 10 separate strikes with durations of from one to 53 days. In contrast, 1986 saw 121 labor disputes that did not result in strikes plus six strikes with durations of from one to 13 days. Despite the statistics, labor leaders claim that the most common causes of labor unrest -- union-busting actions on the part of management, no growth in purchasing power, budget cuts in the public sector, etc. -- did not change, nor has rank and file frustration over these issues diminished. Rather, labor leaders say, private sector management became more adept at glossing over its union-busting activities (as in the case of alleged Standard Fruit tactics in replacing its Communist banana workers union), and that the Government has been more willing than the previous administration to head off strikes or protests by opening talks with its own unionized public sector work force. According to private sector leaders, the reason for the decline in strikes is that workers have less cause to resort to such activity. Statistics published by the Costa Rican Chamber of Commerce show that salary increases have in fact exceeded rises in prices over the past 18 months. Also, private employers laud the beneficial effects on labor-management harmony that the significant growth of the Solidarismo movement has had. Independent labor observers here point out that the historic weakness and fractiousness of organized labor, as well as the traditional Costa Rican aversion to confrontational tactics, also has contributed to a decline in strikes.

While official figures are not yet ready from the Ministry of Labor, significant incidents of labor unrest have remained low in 1987, and may even be slightly lower than those in

1986. Labor marches and protests throughout 1987 drew smaller crowds than in 1986 (with the exception of the November 5 teachers' march mentioned above). The May 1 labor day parade drew roughly 1,000 participants, half the estimated 1986 turnout. A repeat small-farmer demonstration in February 1987 -- which the Government tried to avoid by inviting the farmers' leaders to meet with senior officials prior to the event and by blocking several bus loads of protestors from arriving in San Jose on grounds that their buses did not have the proper permits -- nevertheless took place without incident. An October 10 labor march organized by the CPT to protest price increases, proposed privatization of certain public services, and other issues, drew no more than 600 marchers. One important exception to this trend was an April 27 protest by municipal workers demanding that the Legislative Assembly pass an amendment to the Costa Rican Constitution providing that 10 percent of the national budget be given to municipalities each year. The municipal workers used trucks and other heavy vehicles in a one-day blockage of key arteries into San Jose causing severe traffic jams and concern that city hospitals would not receive necessary supplies such as oxygen tanks. Government officials, including President Arias, warned that if the blockages continued they would be met with arrests. The demonstrations wound down soon thereafter.

As in most years, while there were scores of work slowdowns or stoppages of short duration (i.e., less than eight hours), the most significant strikes of 1987 were predictably among dock and transportation workers. On May 21, over a pay dispute, dockworkers in Puerto Limon instituted a one-day slowdown which did not result in significant losses. However, in August when the Limon Port Authority contracted a stevedore cooperative to unload a cargo ship, the other two Puerto Limon stevedore companies went on strike claiming unfair partiality. (The stevedore cooperative generally charges lower rates than the two stevedore companies.) The strike lasted from August 11-13 and caused losses estimated at 500,000 dollars. The strike ended when the Port Authority agreed to enter into talks on a system of distribution of contracts that satisfied the striking stevedore firms.

Transportation workers began a wave of strikes October 31 when the 2,700-strong railroad workers union walked off the job in a dispute over back pay and pension issues. As a result, large quantities of export commodities, particularly bananas, began to spoil. On November 2, partly in sympathy with the railroad workers and partly to republicize an old list of 20 grievances in labor-management relations at Puerto Limon, the 2,000-strong dockworkers' union walked off the job as well.

Finally, unrelated to the railroad and dockworkers' walkouts, transporters of low-grade industrial fuel began a three-day strike November 1 to protest a ruling by the Government discontinuing subsidies for the transportation of the fuel and opening the transport to competitive bidding. (This strike ended relatively quickly when the ruling was revoked and the transporters agreed to begin talks with the National Oil Refinery to settle the issue.) While no firm figures are available regarding losses from the railroad and dockworkers' strikes, businessmen affected estimated six million dollars in lost banana export receipts and 240,000 dollars in lost tax revenue. The railroad employees and dockworkers returned to their jobs November 6 after the Government promised to settle back pay complaints by the end of the year and to continue talks on other points of contention. While the strikes were costly in terms of export revenue, they did not disrupt the economy nor were there any accompanying incidents of violence.

These recent strikes and protests should not be taken as a sign that the tranquility which has characterized the labor scene during this period is about to end. The transport and dockworkers' critical role in getting Costa Rica's perishable export commodities to market makes their strikes especially costly and gives both private employers and the Government a strong impetus to reach quick agreements. Few other unions so completely control a vital chokepoint of the economy or, consequently, are as prone to see strikes as a ready answer to grievances.

GOVERNMENT-LABOR RELATIONS

Throughout the Arias Administration, aside from the sporadic incidents described above, relations between the Government and organized labor have been generally calm. However, beginning with the unveiling of the Arias Peace initiative in February 1987, labor leaders expressed increasing frustration with what they perceive as the Government's preoccupation with the peace process to the exclusion of domestic concerns, particularly those of labor. Nevertheless, as mentioned above, labor leaders have at least been satisfied with the Government's readiness to enter into dialogue. In addition, the Arias Administration has generally shown a strong desire to maintain labor peace and to give ground on issues of importance to unions, in order to avoid disruptive strikes. Generally, Government concessions take the form of postponing consideration of difficult labor measures (e.g., changes in public sector collective bargaining procedures) rather than agreeing to drop them altogether.

As spelled out below, there were three areas of significant disagreement between the Government and organized labor in 1987: 1) The new tax bill; 2) The Government's privatization efforts; and 3) labor complaints of insufficient Government attention to alleged union-busting activities on the part of private sector management.

(1) Throughout much of 1987, the Arias Administration pushed for legislative passage of a new tax bill designed to help the Government meet fiscal targets to fulfill its IMF standby agreement. The bill encountered severe legislative opposition, but ultimately passed in late November 1987. Organized labor opposed the new tax bill as unnecessary and prejudicial to the interest of workers, even though most of the new revenues would come from increased taxes on automobiles, a purchase beyond the reach of most workers. Probably for this reason, organized labor apparently decided not to agitate over the issue, and it was never the subject of specific protests.

(2) Of greater concern to organized labor has been the Arias administration's policy of privatizing non-essential public services as a means of streamlining the bureaucracy and reducing public spending. Roughly 30 percent of Costa Rica's workforce and 64 percent (by official statistics) of all organized labor is found in the public sector. Faced with the possibility of job losses, labor unions have marched and otherwise publicly opposed Government privatization efforts, particularly those aimed at the nationalized banks. The Government, while encouraging workers to elect privatization (usually by leaving government and forming a cooperative providing the same services), has stated it will not force such a choice on unwilling workers. When groups of public employees do choose such an option, the Government provides them with training in small business management to help in the transition. To date, a group of 40 Ministry of Public Works and Transport custodial workers have already formed a cooperative and departed government service while another group of 20 electric company workers (those who deliver residential telephone bills) have accepted privatization training and plan to leave government early in 1988. A Government attempt to encourage privatization of the telephone information number and other telephone services failed when the unions involved determined that it would affect as many as 1,500 workers and vocally opposed it.

(3) From October 1986 to the summer of 1987, the Standard Fruit Company's Communist banana workers' unions filed a series of complaints against the company with the Ministry of Labor to stop what it termed union-busting activities. The alleged repression of the Communist unions quickly became a cause

celebre for all union federations which closed ranks behind the Communists and publicized the complaints in marches and protests. The unions believe that Standard Fruit management colluded with the Solidarismo movement to eliminate the communist union and replace it with what the unions see as pliant, management-directed Solidarista associations. Despite the Ministry of Labor's finding that there was insufficient evidence of wrongdoing to merit any action, bitterness remains among labor leaders who feel that the Government is allowing a precedent to be set which does not bode well for union efforts to peacefully organize workers.

Another important issue, which organized labor as well as management is considering with some care, is the Government's new draft labor code. The current labor code, dating from 1943, is viewed by most labor leaders as woefully outdated and lacking in sufficient worker guarantees. A bill proposing comprehensive changes to the code failed to pass the Legislative Assembly during the Monge Administration (1982-86) due to strong opposition from the powerful business community. The current proposed labor code, made public in August, is still under study by labor, business, the church, and other sectors. Comments have been solicited, and in January 1988, the proposal will be sent to the Legislative Assembly for formal consideration.

The draft code would extend severance pay requirements in favor of workers and limit areas where strikes are illegal to essential public services. Several other changes are contemplated but none apparently address the unions' fundamental interest in greater protection from arbitrary dismissal for union organizers. The draft may yet undergo significant changes by the Executive and Legislative branches, and the official reactions of labor and management are yet to be heard. As of now, both sides are reserving public comment while their legal advisors study the draft.

An encouraging labor development in the early months of the Arias Administration was the Government's attempt to negotiate broad agreements among workers, business and government as a means of maintaining labor peace and assisting economic growth. The negotiations -- intended to lead to a "social pact" (concertacion social) -- showed initial promise with high-level talks between the Government's representative, Minister without portfolio Danilo Jimenez, and leaders of the business and labor sectors. It was thought that Jimenez, the minister of the presidency in the Monge Administration, could bring his previous negotiating experience to bear successfully in these tripartite talks. However, after a few meetings, it

was clear that hopes for a "concertacion" were far from realization as there appeared to be little convergence in the business and labor positions. Nevertheless, developing an accord like the "concertacion" remains a Government priority and talks will probably resume in the future.

INTERNATIONAL LABOR COOPERATION

Studies and discussions began in 1987 for the creation of a regional training institute in San Jose under the auspices of the International Labor Organization (ILO). The U.S. Department of Labor has offered technical support to this center once operations are underway. Although the Government is involved in a number of cooperative labor-related programs with several European and Latin American countries, no statistics are maintained in this area. Both the local ICFTU and WCL affiliates hosted regional labor conferences here this year on the topic of the Central American peace process. These conferences drew significant media coverage and concluded by endorsing the regional peace process initiated by President Arias in February 1987 and continued under the provisions of the agreement signed in Guatemala in August by the five Central American presidents. According to the Ministry of Labor, Costa Rica has ratified 44 ILO conventions while an additional 28 are currently under consideration by the Legislative Assembly.

U.S. BUSINESS RELATIONS WITH LABOR

With the exception of the discord between the Standard Fruit Company and its Communist labor union described above, U.S. business relations with Costa Rican labor were relatively tranquil over the past year. A large number of U.S. firms here employ unorganized workers and none in the industrial or service sectors are unionized. While a few U.S. agricultural firms (primarily banana producers) still negotiate collective bargaining agreements with their workers, most labor relations in U.S. firms here take the form of Solidarista organizations. The combination of the non-confrontational Solidarista labor relations model, plus the fact that nearly all U.S. firms grant wage increases that at least equal inflation and are frequently higher than government-mandated minimum wages, contribute to tranquility in both organized and non-organized work sites. According to the Costa Rican-American Chamber of Commerce, during the last year, there have been no strikes at U.S. firms in Costa Rica.

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